

**CITY OF BISMARCK DEFERRED SICK LEAVE FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF DECEMBER 31, 2006**

	December-06					September-06				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Actual	Quarter	Month	Market Value	Allocation	Actual	Quarter	FYTD	FY06	Ended	Ended
		Policy	Net ROR	Net ROR			Policy	Net ROR		Net	Net	6/30/2006	6/30/2006
												Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>													
<i>Structured Growth</i>													
Los Angeles Capital	17,611	2.2%	2.3%	7.40%	0.16%	16,814	2.2%	2.3%	1.60%	9.12%	11.12%	N/A	N/A
<b>Total Structured Growth</b>	<b>17,611</b>	<b>2.2%</b>	<b>2.3%</b>	<b>7.40%</b>	<b>0.16%</b>	<b>16,814</b>	<b>2.2%</b>	<b>2.3%</b>	<b>1.60%</b>	<b>9.12%</b>	<b>11.12%</b>	<b>12.01%</b>	<b>-0.32%</b>
<i>Russell 1000 Growth</i>				5.93%	0.34%				3.94%	10.10%	6.12%	8.35%	-0.76%
<i>Structured Value</i>													
LSV	19,493	2.4%	2.3%	8.09%	1.93%	18,527	2.4%	2.3%	4.90%	13.39%	15.05%	21.14%	12.22%
Russell 1000 Value				8.00%	2.24%				6.22%	14.72%	12.10%	15.70%	6.89%
<i>Russell 1000 Enhanced Index</i>													
LA Capital	36,938	4.6%	4.5%	7.67%	1.05%	33,538	4.4%	4.5%	3.71%	11.66%	11.58%	N/A	N/A
Russell 1000				6.95%	1.28%				5.06%	12.36%	9.08%	N/A	N/A
<i>S&amp;P 500 Enhanced Index</i>													
Westridge	37,217	4.7%	4.5%	6.86%	1.43%	35,813	4.6%	4.5%	5.75%	13.00%	8.77%	N/A	N/A
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	N/A	N/A
<i>Index</i>													
State Street	13,081			8.03%	2.51%	12,441			5.78%	14.28%	9.51%	11.47%	2.62%
<b>Total 130/30</b>	<b>13,081</b>	<b>1.6%</b>	<b>1.5%</b>	<b>8.03%</b>	<b>2.51%</b>	<b>12,441</b>	<b>1.6%</b>	<b>1.5%</b>	<b>5.78%</b>	<b>14.28%</b>	<b>9.51%</b>	<b>11.47%</b>	<b>2.62%</b>
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>124,339</b>	<b>15.6%</b>	<b>15.0%</b>	<b>7.50%</b>	<b>1.32%</b>	<b>117,133</b>	<b>15.2%</b>	<b>15.0%</b>	<b>4.49%</b>	<b>12.32%</b>	<b>10.95%</b>	<b>13.63%</b>	<b>3.95%</b>
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
<b>SMALL CAP DOMESTIC EQUITY</b>													
<i>Manager-of-Managers</i>													
SEI	42,033	5.3%	5.0%	8.82%	0.32%	38,582	5.0%	5.0%	-0.01%	8.81%	13.58%	18.20%	7.84%
Russell 2000 + 200bp				9.43%	0.50%				0.94%	10.46%	16.86%	21.06%	10.38%
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>42,033</b>	<b>5.3%</b>	<b>5.0%</b>	<b>8.82%</b>	<b>0.32%</b>	<b>38,582</b>	<b>5.0%</b>	<b>5.0%</b>	<b>-0.01%</b>	<b>8.81%</b>	<b>13.58%</b>	<b>18.20%</b>	<b>7.86%</b>
Russell 2000				8.90%	0.33%				0.44%	9.38%	14.58%	18.70%	8.50%
<b>INTERNATIONAL EQUITY</b>													
<i>Large Cap - Active</i>													
Capital Guardian	34,194	4.3%	4.0%	8.53%	3.03%	31,470	4.1%	4.0%	5.02%	13.98%	28.07%	20.99%	6.90%
LSV	33,979	4.2%	4.0%	10.66%	4.55%	30,712	4.0%	4.0%	6.24%	17.56%	27.09%	N/A	N/A
<b>Total Large Cap - Active</b>	<b>68,173</b>	<b>8.5%</b>	<b>8.0%</b>	<b>9.58%</b>	<b>3.78%</b>	<b>62,183</b>	<b>8.1%</b>	<b>8.0%</b>	<b>5.62%</b>	<b>15.74%</b>	<b>27.66%</b>	<b>21.92%</b>	<b>12.63%</b>
MSCI EAFE - 50% Hedged				9.06%	3.79%				4.87%	14.37%	26.72%	22.56%	6.89%
<i>Small Cap - Value</i>													
Lazard	8,376	1.0%	1.0%	14.66%	4.20%	7,306	0.9%	1.0%	0.72%	15.49%	23.65%	28.06%	N/A
Citigroup Broad Market Index < \$2BN				11.41%	3.40%				1.53%	13.11%	29.28%	32.40%	N/A
<i>Small Cap - Growth</i>													
Vanguard	8,495	1.1%	1.0%	12.63%	3.92%	7,543	1.0%	1.0%	3.73%	16.83%	29.24%	32.39%	N/A
Citigroup Broad Market Index < \$2BN				11.41%	3.40%				1.53%	13.11%	29.28%	32.40%	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>85,044</b>	<b>10.6%</b>	<b>10.0%</b>	<b>10.35%</b>	<b>3.84%</b>	<b>77,031</b>	<b>10.0%</b>	<b>10.0%</b>	<b>4.93%</b>	<b>15.79%</b>	<b>27.35%</b>	<b>23.83%</b>	<b>8.67%</b>
MSCI EAFE - 50% Hedged				9.06%	3.79%				4.87%	14.37%	26.72%	22.56%	6.89%
<b>DOMESTIC FIXED INCOME</b>													
<i>Core Bond</i>													
Western Asset	177,233	22.2%	22.4%	2.01%	-0.36%	172,335	22.4%	22.4%	4.45%	6.56%	-0.90%	7.36%	8.59%
Lehman Aggregate				1.24%	-0.58%				3.81%	5.09%	-0.81%	2.05%	4.97%
<i>Core Plus/Enhanced</i>													
Clifton Group	40,335	5.0%	5.2%	0.66%	-0.69%	39,751	5.2%	5.2%	N/A	N/A	N/A	N/A	N/A
Prudential	40,391	5.1%	5.2%	1.88%	-0.39%	39,307	5.1%	5.2%	N/A	N/A	N/A	N/A	N/A
<b>Total Core Plus/Enhanced</b>	<b>80,726</b>	<b>10.1%</b>	<b>10.4%</b>	<b>1.27%</b>	<b>-0.54%</b>	<b>79,058</b>	<b>10.3%</b>	<b>10.4%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Lehman Aggregate				1.24%	-0.58%				3.81%				
<i>Index</i>													
Bank of ND	74,558	9.3%	9.8%	1.31%	-0.40%	75,798	9.8%	9.8%	3.10%	4.46%	-1.14%	1.14%	4.90%
Lehman Gov/Credit (1)				1.04%	-0.76%				3.91%	4.99%	-1.52%	1.04%	4.78%
<i>BBB Average Quality</i>													
Wells Capital (formerly Strong)	176,728	22.1%	22.4%	1.75%	-0.69%	172,288	22.4%	22.4%	4.60%	6.43%	-2.11%	2.63%	N/A
Lehman US Credit BAA				1.49%	-0.94%				4.80%	6.36%	-2.37%	2.63%	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>509,245</b>	<b>63.7%</b>	<b>65.0%</b>	<b>1.70%</b>	<b>-0.51%</b>	<b>499,480</b>	<b>64.8%</b>	<b>65.0%</b>	<b>4.28%</b>	<b>6.06%</b>	<b>-1.39%</b>	<b>6.59%</b>	<b>7.79%</b>
Lehman Aggregate (2)				1.24%	-0.58%				3.81%	5.09%	-0.81%	1.84%	5.28%
<b>CASH EQUIVALENTS</b>													
Bank of ND	38,946	4.9%	5.0%	1.32%	0.44%	38,178	5.0%	5.0%	1.35%	2.68%	4.50%	2.71%	2.42%
90 Day T-Bill				1.26%	0.44%				1.33%	2.60%	4.00%	2.37%	2.25%
<b>TOTAL DEFERRED SICK LEAVE FUND</b>	<b>799,606</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3.79%</b>	<b>0.32%</b>	<b>770,404</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.03%</b>	<b>7.98%</b>	<b>4.30%</b>	<b>6.64%</b>	<b>5.41%</b>
POLICY TARGET BENCHMARK				3.20%	0.25%				3.90%	7.23%	4.18%	6.03%	5.30%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.